05-Nov-2026

Eversource Energy (ES)

Q3 2026 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good day and thank you for standing by. Welcome to Eversource Energy Q3 2026 Earnings Conference Call. At this time, all participants are in a listen-only mode. After the speakers' presentation, there will be a question-and-answer session. [Operator Instructions] Please be advised that today's conference is being recorded.

I would now like to hand the conference over to your first speaker today, Rima Hyder, Vice President of Investor Relations. Please go ahead.

Rima Hyder

Vice President-Investor Relations, Eversource Energy

Good morning and thank you for joining us today on our third quarter 2026 earnings call. During this call, we'll be referencing slides that are available on our website at investors.eversource.com. As you can see on slide 1, some of the statements made during this investor call may be forward-looking. These statements are based on management's current expectations and are subject to risk and uncertainty, which may cause the actual results to differ materially from forecasts and projections. We undertake no obligations to update or revise any of these statements. Additional information about the various factors that may cause actual results to differ and our explanation of non-GAAP measures and how they reconcile to GAAP results is contained within our news release, the slides we posted last night, and in our most recent 10-Q and 10-K.

Speaking today will be Joe Nolan, our Chairman, President, and Chief Executive Officer; and John Moreira, our Executive Vice President, Chief Financial Officer, and Treasurer. Also joining us today is Jay Buth, our Vice President, Controller, and Chief Accounting Officer.

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I will now turn the call over to Joe.

Joseph R. Nolan

Chairman, President & Chief Executive Officer, Eversource Energy

Thank you, Rima, and good morning, everyone. Our third quarter results reflect another period of strong execution and solid performance across our business. As you can see on slide 4, we entered the year with a clear set of priorities and our team has consistently delivered against those objectives while navigating an evolving regulatory landscape. While there is still work to do in the months ahead, we are entering the final months of the year with strong performance and positive momentum and confident in our ability to continue to deliver for customers, communities and shareholders.

Let me start with a few recent highlights on slide 5. As you may have heard on Ørsted's earnings call this morning, Revolution Wind has reached its commercial operations date. Construction is now complete and the wind farm is generating electricity. This significant milestone comes at a critical time for our region where extreme temperatures have underscored how important it is to bring every potential energy source online for customers. This project adds essential new supply that enhances grid reliability, meets growing demand and ensures dependable power when our customers need it most.

For Eversource, construction completion significantly reduces our risk of further financial obligations. As part of the sale of the offshore wind assets, we have certain contractual obligations with the buyer that we need to close out and settle up with them in 2027. As we have stated before, this will take some time to fully reconcile. Our current assessment is that we have an adequate reserve on our books to cover this potential obligation.

On the regulatory front, we have made significant progress on the CL&P rate case that we filed several months ago. We have responded to thousands of requests for data and information from various parties. And we look forward to working collaboratively with PURA and others on our rate request. Affordability remains a central pillar in this rate case. In this rate request, we've made proposals for balancing the critical need for a stronger, more resilient electric system to support Connecticut's energy future and the imperative to moderate customer bill impacts and maintain affordability over the long-term.

For example, we have proposed performance-based rates or PBR to support system investments, while incorporating strong cost efficiency measures and mitigating the impact of future rate adjustments for customers over the long-term. John will provide even more details on our strong cost control measures and how they will help address affordability.

Another important element of the CL&P rate case is the opportunity to further increase our investment in Connecticut. We believe the constructive engagement we've had with regulators and stakeholders has created a path forward that balances affordability with the investments needed to deliver safe, reliable and resilient service. We're ready to invest $4 billion in Connecticut's distribution infrastructure over the next five years. Our comprehensive plan proactively prioritizes the replacement of aging infrastructure and supports investments required to operate a modern grid long-term for our customers. We appreciate the constructive dialogue that is now possible with PURA. We expect that this collaborative approach will help to advance critical investment in reliability, resiliency, and innovation and will continue to help us to meet the evolving needs of the customers and communities we serve.

On the FERC ROE matter, we have line of sight into the timing and the next steps for both the prospective ROE decision and our pending appeal case in the DC Circuit Court on the long-dated refund. John will provide more details in a few minutes. We look forward to resolving this matter with FERC in a constructive and balanced

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manner. The back and forth with FERC and the New England transmission owners does not take away from the fact that energy supply costs and public policy have long been the leading cause of the energy affordability challenges facing customers across New England. Those challenges cannot be meaningfully addressed without bringing more and varied energy supply into the region urgently. In fact, we can proudly say that our prior investments in transmission have contributed significantly to energy affordability, delivering billions of dollars in savings for customers over the years by eliminating significant congestion costs for the region while making the grid more resilient.

Moving on to our strategic and innovative investments in developments. In Massachusetts, we reached a major milestone in our statewide smart meter rollout in the third quarter. We have now installed over 500,000 smart meters, making us one-third of the way to completing our rollout in Massachusetts. This significant progress has moved us closer to a smarter, more responsive electric system.

Last quarter, we told you that ISO New England had preliminarily selected the joint proposal submitted by Eversource and Avangrid as the preferred solution for the 2025 longer-term transmission planning RFP. We are pleased to confirm that our joint proposal was selected as the final solution. As a reminder, Eversource's portion of the $2.2 billion project is $700 million, which is an upside to our current capital investment plan. The proposed project will enhance reliability for customers and enable new energy supply resources from northern New England to be delivered to the load pockets in southern New England. This project will ease congestion on the regional transmission system and help to address customer affordability. We are grateful that ISO New England continues to evaluate long-term resource adequacy. New sources of supply, including offshore wind and hydro imports are helping strengthen New England's long-term resource mix and improve energy adequacy. However, reliability improvements are being driven not only by additional energy resources but also by continued investment to address aging transmission, infrastructure, grid modernization, and system planning needed to integrate those resources effectively.

These kinds of infrastructure investments are core competencies and have been for decades and we know how to do it in the most cost-effective manner. We were pleased to receive a grant award from the US Department of Energy's SPARK program for the Dynamic Rating Enhancement Advancements and Modernization or DREAM initiative developed in partnership with Dartmouth Engineering. The project will leverage advanced grid technologies to enhance reliability, increase capacity on the existing system and potentially avoid higher cost infrastructure investments and thereby resulting in lower costs for customers. Pending a final agreement, the award could represent approximately $50 million in funding for the initiative, which would be expected to begin in 2027. Beyond the benefits of this project, the award demonstrates the opportunity for future collaboration with DOE and serves as a blueprint for innovative solutions that can help modernize the grid while delivering value to customers.

As I have said before, another important opportunity for investment and development for our region is the addition of new reliable energy supply resources. New England continues to face some of the highest electricity cost in the country, driven in part by constraints on the energy supply and the infrastructure needed to deliver it. Eversource has long been a critical enabler of New England's energy future and our scale and expertise across both transmission and distribution uniquely positions us to connect new generation resources, strengthen grid reliability, and deliver even greater value to customers in the region. This has been the Eversource journey for years and we have played a vital role in making the grid more reliable.

Finally, I want to highlight a proud moment for Eversource. We were recently named to TIME Magazine's list of America's Best Companies for 2026. This award reflects the dedication of over 10,000 employees who work every

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day to safely deliver reliable energy and exceptional service to our customers, with an ever-present focus on affordability.

Let me now turn the call over to John to discuss our third quarter financials and other business matters.

John M. Moreira

Executive Vice President, Chief Financial Officer & Treasurer, Eversource Energy

Thank you, Joe, and good morning, everyone. This morning, I will review our third quarter earnings results, provide an update on regulatory matters, discuss our balance sheet progress and provide an update on our 2026 guidance.

I will start with our third quarter results on slide 7. Our GAAP and non-GAAP recurring earnings for the third quarter were $0.92 per share compared with GAAP earnings of $0.99 per share and non-GAAP recurring earnings of $1.19 per share in the third quarter of 2025. The decrease in earnings over the prior year is driven by a few items. First, the March 19 FERC decision that reduced our transmission ROE rate to 9.57%; second, as we stated in our second quarter earnings call, the disallowance of roughly $40 million of CL&P storm costs in PURA's final July decision; third, due to the sale of Aquarion, we don't have earnings from the water segment; and, lastly, we have the impact from a higher effective tax rate this year as compared to last year. These items were offset by rate increases under various PBR plans and capital trackers. I do want to emphasize that while some of these drivers that I have highlighted are headwinds today, however these are necessary steps to becoming a pure-play pipes and wires, electric and gas utility. These include the resolution of outstanding regulatory issues, recovery of our storm costs and the successful completion of asset sales, which have strengthened our balance sheet and lowered our risk profile.

Moving on to a regulatory update on slide 8, let me start with the CL&P rate case. Since we filed our rate request in July, we have been encouraged by the engagement we have seen from PURA and other interveners. Our team has responded to thousands of data requests and the questions are thoughtful and in-depth, showing a rigorous engagement from all parties to understand our rate request and how it supports reliability and affordability for customers. As you can see on this slide, 66% of the revenue deficiency is for capital investments in the system. Those are investments to address reliability, resiliency and modernization of the electric grid.

Next, we have 17% of the revenue deficiency for the recovery of costs related to annual storm restoration and vegetation management. The proposed veg management will enhance reliability on blue sky days as well as during storm events by reducing the damage and thereby lowering restoration costs for customers. I also want to point out the O&M component of the revenue deficiency of approximately $50 million or 12% of the total request. We are very proud of this number as we continuously seek opportunities to lower our operating costs on behalf of customers.

To put this in perspective for you, let's move on to slide 9. If we had grown O&M at the same rate of inflation since our last rate order, that number would have been nearly $100 million. We run the business as efficiently as possible because we are focused on customer affordability in everything we do. The rate case also includes a variety of other items to address affordability but I'll just briefly highlight one that Joe touched on earlier. In our rate request, we proposed a multiyear PBR mechanism that provides gradual inflation-indexed rate changes on an annual basis to avoid significant rate impacts for customers. This mechanism also includes targeted performance metrics for transparency and accountability. We are very familiar with this type of rate mechanism as we have it in other jurisdictions.

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Also in Connecticut, we have made substantial progress in the securitization of deferred storm costs. PURA's procedural schedule will provide a final decision at the end of January, enabling cash in the door by the middle of next year. PURA shares our interest in completing the securitization financing as quickly as possible. Lastly, in Connecticut, in October, we filed an appeal in Superior Court challenging two components of PURA's July 29 storm cost decision. First, we challenged PURA's denial of carrying charges on prudently incurred storm costs prior to its decision date as articulated in our October 15 court filing. The second component of our appeal relates to PURA's finding that disallowed roughly $8 million in costs based on an extrapolation method of review that was not raised during the proceeding.

Moving to slide 10, I would like to update you on the FERC ROE process. First, on the Section 205 filing, the brief in process was completed at the end of September. We now await FERC's decision on the ROE that would become effective on November 30. Next is our appeal of the retroactive refund. The DC Circuit Court approved our procedural schedule, which sets a deadline for the final briefs in early April of next year. With that schedule, we believe that the court could issue a decision in late summer or early fall of next year. We are cautiously optimistic about this case and continue to believe that we have a sound legal argument against the long-dated refund period.

However, as we continue to work through the refund calculation methodology, Generally Accepted Accounting Principles may require us to reflect the final refund amount in our financial statements before the case is concluded. In the meantime, we are working with ISO New England, the other New England transmission owners and load serving entities to prepare the refund. This is an incredibly complex, labor-intensive process to recalculate 10-plus years' worth of load settlement and billing data. Given these complexities and the significance of this refund process, we know it will be challenging to process these refunds by FERC's deadline of May of next year.

Moving to slide 11, I would like to share the latest affirmation of our financial strategy, which is that our FFO-to-debt metrics remains solid and all three rating agencies have Eversource and all subsidiaries on stable outlook. Our latest FFO-to-debt ratios as of June 30 of this year are 15.4% and 16.1% for S&P and Moody's respectively. We are proud that these credit metrics have continued to improve over the last several quarters. We will continue to manage our FFO-to-debt ratios to be around 100 basis points above the downgrade thresholds.

I also want to note that we did assume interest rates moving higher in our long-term guidance. We also have some flexibility to manage how we finance the maturities that are coming due next year. That flexibility comes from the recent sale of Aquarion and the pending securitization of storm costs. We also have hybrids now as part of our capital structure and certainly have room to do more if needed. We are going to use all the tools available in managing our financing needs. As a reminder, while we are discussing debt and interest rates, the PBR mechanisms we have in place in Massachusetts and New Hampshire are inflation-indexed, helping to mitigate the effects of a higher interest rate environment.

Next, let me reaffirm our five-year capital plan of $26.5 billion, as shown on slide 12. This reflects our five-year utility infrastructure investments through 2030. As we mentioned last quarter, we continue to highlight the increase to our capital forecast thanks to ISO New England's decision to select our project as a result of their RFP and the potential for AMI investment in Connecticut. We will provide a comprehensive update as part of our fourth quarter earnings call.

Turning to slide 13, we have narrowed our non-GAAP EPS guidance range to $4.62 to $4.70 per share for 2026, which increases our midpoint to $4.66 per share.

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Lastly, on slide 14, we remain confident in our ability to deliver earnings growth towards the upper half of our long-term target range of 5% to 7% by 2028. We have consistently delivered on our commitments, advancing key initiatives that are reshaping our growth trajectory. This is supported by constructive regulatory progress, including storm cost securitization, the forthcoming CL&P rate case decision in mid-2027 and the monetization of Aquarion. We are entering our next phase from a position of strength and are confident in our ability to drive higher growth, greater financial flexibility and long-term value creation.

With that, I will now turn the call back to the operator for Q&A.

QUESTION AND ANSWER SECTION

Operator: Thank you. At this time, we will conduct the question-and-answer session. [Operator Instructions] Our first question comes from the line of Carly Davenport of Goldman Sachs. Your line is now open.

Joseph R. Nolan
Chairman, President & Chief Executive Officer, Eversource Energy

A

Good morning, Carly.

John M. Moreira
Executive Vice President, Chief Financial Officer & Treasurer, Eversource Energy

A

Good morning.

Carly Davenport
Analyst, Goldman Sachs & Co. LLC

Q

Hey. Good morning. Thank you guys so much for taking the questions. Maybe just to start on the Section 206 Refund Appeal. Can you just talk a little bit more about the range of outcomes there? Is there any avenue to change the May deadline or maybe to refund it in stages? Or perhaps can you walk us through the implications of that deadline is not met, just giving your assessment that it's going to be quite challenging to get all of it done by May of 2027?

John M. Moreira
Executive Vice President, Chief Financial Officer & Treasurer, Eversource Energy

A

Yes. Good morning, Carly. This is John. Yes. As I stated in my formal remarks, it is challenging and we have been working on it with the parties that I highlighted in my remarks. Similar to what we've seen conducted before with other companies, in particular MISO, has had some multiyear refunds. They have requested a refund, an extension of that refund period. So, it's too early to predict exactly if that extension is needed. But it's really important to New England to make sure that the calculations of this refund are adequate. That's first and foremost so that all the suppliers, the wholesale load-serving parties get the appropriate rate reduction and that trickles down to the retail side. So, it's important for us to once again get it right and avoid any further complications.

And then, secondly, on the appeal right now, the court did approve that our proposed schedule would takes final briefs by all the parties due to the court by April 2. Very encouraged by that. That is a bit on an accelerated track. So, with that timeframe, we project that the court could be in a good position to render a decision. All arguments will have to be scheduled. But with that timeframe, we could see a decision as I said by the end of summer or early fall, which is we're really encouraged by that.

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Carly Davenport
Analyst, Goldman Sachs & Co. LLC

Q

Got it. Okay. Great. That's super helpful. And then maybe just a follow-up is on the FFO-to-debt. Great to see the progress there. Just as you think about the projected cushion versus your downgrade thresholds, obviously the target is a bit below where you are now. So, can you just help us frame how that might ebb-and-flow through the planning period relative to the 300 basis points of cushion that you have now?

John M. Moreira
Executive Vice President, Chief Financial Officer & Treasurer, Eversource Energy

A

Well, I feel – as the guidance that we're out there with, achieving that 100 basis points, we think we can do it even with this refund. It's funny because if you read the report that Moody's and Fitch rendered in the midst of this pending refund being on the table, they indicated that they would view this as a one-time non-recurring item. So, I'm very encouraged by that. And we start on our spring meetings with them in the spring of next year. So, that's something that we will tee up.

And as a reminder, just because these refunds have been issued by the end of May, the cash outflow will be beyond that period because that has to trickle down to the retail side. And all of our three utilities are on different time frames as to when that transmission under old recovery would be implemented. So, this is going to be over time. And the cash out the door is not necessarily all going to happen between now and May of next year.

Carly Davenport
Analyst, Goldman Sachs & Co. LLC

Q

Super clear. Thank you so much for the time.

Operator: Thank you. Our next question comes from the line of Shar Pourreza of Wells Fargo. Your line is now open.

Joseph R. Nolan
Chairman, President & Chief Executive Officer, Eversource Energy

A

Good morning, [indiscernible] (00:28:23).

Anders Myhre
Analyst, Wells Fargo Securities LLC

Q

Hey. Good morning, team. This is actually Anders on for Shar. Thank you for taking our questions. Yeah. Busy morning. Yeah. So, as it relates to CL&P and thanks for all the updates in the prepared remarks but I was curious now that we were kind of post-election, does that lower the temperature as it relates to this ongoing rate case or possibly increase the likelihood of reaching a settlement? Or do you think this is one that PURA wants to take all the way to the end?

Joseph R. Nolan
Chairman, President & Chief Executive Officer, Eversource Energy

A

Yeah. Well, it's – we are working through this case. As you know, we have not been in the rate arena since 2018. So, that's going to require a lot of details which is evident by the number of information requests that the team has fulfilled so far. So, we've got a lot of wood to chop before we get to a position where we would be able to talk settlement. I think that's from our standpoint and from the party's standpoints.

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Again, we're going to put on the best case we can. We've made significant investments in Connecticut. I think it's evident by the fact that the reliability numbers are best-in-class. So, we're very proud of that. We're making the investments. And so – yeah. We'll continue to have dialogue. Obviously, the issue around affordability, that's not going away but certainly the solutions and the ideas that we have as we look at some of the public benefit charges that have been kind of foisted on the utilities to collect and now we're bringing that transparency, which is all that we've ever wanted. Let customers see what they are paying for.

So, again, the dialogue is very good down there. The PURA is very engaged. We've had very constructive dialogue, very constructive hearings and what I'm so encouraged by is the fact that all five commissioners and staff are actively involved in these hearings. And just as we have our team, we have our entire executive team down in Connecticut is participating. So, we certainly have all the players at the table and people that are in a position to talk settlement if that's what the folks want. But, right now, we're going to put on the best case we can and we're optimistic for a good outcome, a fair outcome I guess I should say.

Anders Myhre
Analyst, Wells Fargo Securities LLC
Q

Great. That's good to hear. And then maybe second can you provide some additional color around the Connecticut AMI opportunity? Maybe touching on items like what the approval process will look like, what is needed from PURA, anything around timing, and what level of certainty you would need to have before it is rolled into your plan?

John M. Moreira
Executive Vice President, Chief Financial Officer & Treasurer, Eversource Energy
A

Yeah. Andrew (sic) [Anders] (00:30:57), we have introduced that in the rate proceeding and that's part of our request. So, once again, as Joe said, we're in the early stages of that proceeding. We're in the discovery mode so it's too early for us to make any judgment. But we feel good. We've had dialogue. There's been technical sessions with PURA – all of the commissioners. And we are now updating our cost estimate and we'll introduce that as part of the rate case process. So, the rate case decision, we have a draft. There's a draft decision date of May and a final decision date of June. So, we'll have more clarity certainly around that timeframe.

Anders Myhre
Analyst, Wells Fargo Securities LLC
Q

Awesome. See you guys at the conference.

Joseph R. Nolan
Chairman, President & Chief Executive Officer, Eversource Energy
A

Yeah.

John M. Moreira
Executive Vice President, Chief Financial Officer & Treasurer, Eversource Energy
A

See you.

Joseph R. Nolan
Chairman, President & Chief Executive Officer, Eversource Energy
A

Thanks.

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John M. Moreira
Executive Vice President, Chief Financial Officer & Treasurer, Eversource Energy
A

Safe travel.

Operator: Thank you. Our next question comes from Ryan Levine of Citi. Your line is now open.

Joseph R. Nolan
Chairman, President & Chief Executive Officer, Eversource Energy
A

Good morning, Ryan.

Ryan Levine
Analyst, Citigroup Global Markets, Inc.
Q

Good morning. How are you?

Joseph R. Nolan
Chairman, President & Chief Executive Officer, Eversource Energy
A

Wonderful. Thanks.

Ryan Levine
Analyst, Citigroup Global Markets, Inc.
Q

A couple of questions around the FERC process. I guess, in terms of the – I guess a couple of things. What are some of the stakeholder feedback items that you see within the FERC ROE formula, interpretation into the decision later this month?

And then, secondly, practically, what's the process to get a refund executed? Are there detailed records capped for this long time period? Is it paper, digital? Any color you could share on that?

John M. Moreira
Executive Vice President, Chief Financial Officer & Treasurer, Eversource Energy
A

Sure. Sure. Let me start with the latter part of your request. So, the data, we have to work very closely with ISO New England. They're the keeper of this load data, so we have to work with them and we have been working with them for months now. So, they are the key party to this and as well as working with other load serving entities and other distribution, transmission companies. So, that's kind of the process that we are pursuing and progressing on.

To address your first question, which was I forget what it was now, Ryan. Please repeat it, if you don't mind.?

Ryan Levine
Analyst, Citigroup Global Markets, Inc.
Q

The key stakeholder items in the FERC ROE formula interpretation.

John M. Moreira
Executive Vice President, Chief Financial Officer & Treasurer, Eversource Energy
A

Yeah. I think, right now, it's all predicated on what the ROE. And I would say that the range from the parties are in the 9s, low 9s to high 9s. So, once again, it's too early. As you know, we use the FERC methodology. We did not

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change it. All we did was update it for inputs to reflect current market conditions. And the output of that was an 11.39% ROE. So, that's where we are today.

Ryan Levine
Analyst, Citigroup Global Markets, Inc.
Q

In that formula, there's a lot of key assumptions. Are there any that you want to call out as maybe more room for discussion within the components of that calculation?

John M. Moreira
Executive Vice President, Chief Financial Officer & Treasurer, Eversource Energy
A

The only one that we did call out and that was introduced in our 205 filing was we've been hearing from FERC that they want us to use, from a data standpoint, Bloomberg beta and not the Value Line. So, we did include that change as an alternative ROE and that calculation resulted in a 10.79% ROE. So, that's really all we can say at this point.

Ryan Levine
Analyst, Citigroup Global Markets, Inc.
Q

Okay. Appreciate that time.

John M. Moreira
Executive Vice President, Chief Financial Officer & Treasurer, Eversource Energy
A

Sure thing.

Operator: Thank you. Our next question comes from the line of Travis Miller of Morningstar, Inc. Your line is now open.

Joseph R. Nolan
Chairman, President & Chief Executive Officer, Eversource Energy
A

Good morning, Travis.

John M. Moreira
Executive Vice President, Chief Financial Officer & Treasurer, Eversource Energy
A

Hey, Travis. He dropped. Operator, we think he might have dropped.

Operator: Okay. We'll move on to the next one. Our next question comes from Paul Zimbardo of Jefferies. Your line is now open.

John M. Moreira
Executive Vice President, Chief Financial Officer & Treasurer, Eversource Energy
A

Hey, Paul.

Paul Zimbardo
Analyst, Jefferies LLC
Q

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Hi. Good morning, team. Thanks for taking the time. Just the first one I had was I noticed the sources and uses slide wasn't in the presentation. Anything kind of material that's changed quarter-over-quarter we should be aware of?

John M. Moreira
Executive Vice President, Chief Financial Officer & Treasurer, Eversource Energy
A

Not really. No. No. You're going to see our statement of cash flows that we'll plan to file by the close of market today. You'll see that there's really nothing, other than the typical regulatory recoveries. But nothing else is significant there.

Paul Zimbardo
Analyst, Jefferies LLC
Q

Okay. Understood. And then one to clarify, just on the commentary on the refund. I might have missed it. Were you saying that it could become a probable charge and it's not probable today? Just if you could help clarify kind of has your changed? That'd be helpful. Thank you.

John M. Moreira
Executive Vice President, Chief Financial Officer & Treasurer, Eversource Energy
A

Yeah. So, let me start by saying, first and foremost, whatever happens on that topic, we feel very good as I indicated and highlighted in my formal remarks about our legal position. Okay. However, when any entity starts paying off its obligations, you have to assess what the – is it probable that that's going to be sustained so that's what we're in the midst of. So, really, from an accounting and GAAP standpoint, you have to meet two conditions: the probability of the event happening and is it estimatable and that's what we're working through right now.

As I said, this calculation, going back 154 months is very complex and complicated. And, one, as I mentioned, highlighting Carly's question, it's more priority for us to get the calculations correctly than it is for us to meet the deadline.

Paul Zimbardo
Analyst, Jefferies LLC
Q

Okay. Thank you very much.

Operator: Thank you. Our next question comes from the line of Paul Patterson of Glenrock Association (sic) [Glenrock Associates] (00:37:10).

Joseph R. Nolan
Chairman, President & Chief Executive Officer, Eversource Energy
A

Good morning, Paul.

John M. Moreira
Executive Vice President, Chief Financial Officer & Treasurer, Eversource Energy
A

Hey, Paul.

Operator: Your line is now open.

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Paul Patterson
Analyst, Glenrock Associates LLC

Q

So – can you hear me?

Joseph R. Nolan
Chairman, President & Chief Executive Officer, Eversource Energy

A

Yes.

Paul Patterson
Analyst, Glenrock Associates LLC

Q

Hello? Okay. I just wanted to touch base, first of all, on AMI. I mean, that proceeding – well, you're putting it as part of this rate case proceeding. But you guys have put forward that proposal for some time. I'm just wondering has the technology changed and obviously, the Commission has. But you mentioned a cost update. I'm just sort of wondering when that might come up or how should we think about that?

Joseph R. Nolan
Chairman, President & Chief Executive Officer, Eversource Energy

A

Yeah. Well, the beautiful thing with this technology, as you know, it's open architecture so we're able to continue to have this technology evolve. And the innovation that's taking place and some of the [ph] answers (00:37:56) that have taken place can just bolt right on to this existing technology. So, we're thrilled with that. We've been seeing this technology evolve. The results here in Massachusetts and what our customers are seeing has been very, very positive. I actually have them on my home and it's been wonderful to understand. It's wonderful to get a note telling you that you're going to exceed what you did last month, what you did last year and I think it's going to begin to bring the line of sight that we think is important.

As I always say to folks, it'd be like walking into a restaurant without any prices on the menu and then you get the bill and you're in a state of shock. Well, at least now you're beginning to see how your month is evolving and so customers can plan accordingly. You can also set budgets and things like that. So, it definitely is – the technology is improving but the good news is the product that we have, the [ph] Itron (00:38:49) product that allows all of this to continue to enhance the product that we've already installed in customer's houses.

But John, if you want to touch in terms of Connecticut or what...

John M. Moreira
Executive Vice President, Chief Financial Officer & Treasurer, Eversource Energy

A

Yeah. I mean, we stand at the ready to move forward with AMI in Connecticut, let me just start with that first and foremost. The technology that we've seen, we are using the most current technology and we're not seeing any major changes and we've been at this installation and project four years now, so we feel very good about the product we're using. As Joe mentioned, the benefits that customers are seeing is certainly presenting tremendous value for customers.

Paul Patterson
Analyst, Glenrock Associates LLC

Q

Awesome. So, I'm just wondering there's been some discussion in other states and what-have-you about virtual power plants as a means of lowering bills actually. But I'm just wondering is that also perhaps an opportunity from an earnings perspective or were you guys looking – I mean with this new technology and stuff, I'm just wondering

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whether or not, given your footprint in New England and what-have-you, if there are any thoughts that you could share with us or is it too early kind of thing?

John M. Moreira
Executive Vice President, Chief Financial Officer & Treasurer, Eversource Energy

A

Yeah, well, a couple of things. This DREAM initiative that we just won the award, the $50 million deal with the US Department of Energy. This is designed exactly at that very issue, around the virtual power plant. I will tell you that we are blessed with the amount of distributed generation on our system. And that's why it's so important to have the AMI in order to enable the grid. So, we're excited about it. We do see opportunities. And we do see a day when we will rely on customers and customers will rely on us in terms of what they have available for resources, whether it's a battery, whether it's solar, and any other type of technology that emerges. But of course the key foundation for that is going to be AMI technology so that we get the two-way communication going with customers. So, yeah, by all means, and we're always at the forefront in terms of technology and what's available. So, I'm very proud of the amount of distributed generation we have on our system. We're the one utility in New England that enables this opportunity for all of our customers and we've been doing it for as long as I can remember.

Paul Patterson
Analyst, Glenrock Associates LLC

Q

Okay. Awesome. So, listen, just on the PBR, this Connecticut case, so this big, huge, generic proceeding that seems to be off again and on again. It's been on hiatus now it seems to me since around August. How should we think about this in terms of – I know you guys have presented or proposed your own PBR in the rate case. Is that the new vehicle that we should think about this being addressed? I mean do we [indiscernible] (00:41:28) or...?

John M. Moreira
Executive Vice President, Chief Financial Officer & Treasurer, Eversource Energy

A

Yes. That's exactly – Paul, you're spot on. I think things might have been paused because we went in July and presented what we would be comfortable with the PBR structure. And once again we have already responded to 2,100 discovery questions. So, we're encouraged that the Commission just want to understand the programs and everything that's been requested. So, we feel good and upbeat about our PBR proposal.

Paul Patterson
Analyst, Glenrock Associates LLC

Q

Okay. And then finally on the ROE case at FERC. You mentioned how complicated it is and how many years. Is the primary issue just trying to figure out who gets what – an allocation issue of a potential refund? Or is it something more fundamental about the actual refund amount?

John M. Moreira
Executive Vice President, Chief Financial Officer & Treasurer, Eversource Energy

A

No. That is the fundamental is who provided the load, what was the load by month. It went back, as I said, 154 months, subject to double-checking. But based on my math, that's what I get to. So, you have to understand who provided the load so that you refund it exactly to that load provider and that data is all retained by ISO New England.

Paul Patterson
Analyst, Glenrock Associates LLC

Q

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Okay. Awesome. I appreciate it. Thanks so much.

John M. Moreira
Executive Vice President, Chief Financial Officer & Treasurer, Eversource Energy
A

All right. We'll take David Paz now. Operator?

David Paz
Analyst, Wolfe Research LLC
Q

Ah! Can you hear me okay?

John M. Moreira
Executive Vice President, Chief Financial Officer & Treasurer, Eversource Energy
A

Oh! Hey, David. Yeah.

Joseph R. Nolan
Chairman, President & Chief Executive Officer, Eversource Energy
A

Hello, David.

David Paz
Analyst, Wolfe Research LLC
Q

Oh! Great. Sorry I didn't get the intro. Thanks for the time. Can you – sorry if I missed this or you said this in the prepared remarks. But what are your remaining equity needs through 2030 under your current plan, excluding the upside CapEx?

John M. Moreira
Executive Vice President, Chief Financial Officer & Treasurer, Eversource Energy
A

Well, the guidance that we are out there with is $800 million to $1.1 billion and through 2030 and we feel good about that. As you know, we haven't issued much of any equity this year because we got the net proceeds from Aquarion of $1.7 billion. So, I don't see a need for kind of near-term equity.

David Paz
Analyst, Wolfe Research LLC
Q

Okay. So, still back-half of the plan we should expect?

John M. Moreira
Executive Vice President, Chief Financial Officer & Treasurer, Eversource Energy
A

That's a good assumption. Yeah.

David Paz
Analyst, Wolfe Research LLC
Q

Okay. And then just kind of related then, maybe remind me what are the drivers, high-level drivers of that higher growth in 2028 on top of a full-year of CL&P rate relief? What other key assumptions are there in places like Massachusetts? Are you assuming an extension of the current period?

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John M. Moreira
Executive Vice President, Chief Financial Officer & Treasurer, Eversource Energy

A

Sure, David. Good, good question, and I'm sure that's on everyone's mind. So, the first item, you nailed it, was the full year of the CL&P rate case. And then as a reminder, we do have and do expect a $1.1 billion of storm costs through the securitization, both Connecticut and New Hampshire. We have line of sight and we feel good as I mentioned in my formal remarks that that cash in the door will happen middle of next year. So, literally, seven months from now, we'll get that cash in the door. And then we do expect New Hampshire to finalize its approval of the storm costs that we have pending up there and move forward with securitization. New Hampshire did pass. The legislation is in place to allow utilities to do that. So, we anticipate that that cash would come in the door early 2028. So, having $1.1 billion of interest cost – of debt eliminated, you do the math. It's a pretty sizable reduction in our interest costs.

And then we're very fortunate to have PBR where we have annual rate adjustments so that will continue. And as a reminder, inflation is persistent. Those PBR adjustments will be higher than it's been in the past several years. And then also we have our final rate base rolling for EGMA. That will kick in November 1, 2027, so we get the full earnings power from that in 2028. So – and that's per the settlement agreement when we acquired Columbia Gas of Massachusetts.

And then as a reminder 2027 is the year that we have to do a sit down across the table from the administration and the DPU as it pertains to NSTAR Electric because we're on the 10-year PBR plan. Next year is the fifth year. So, we are working on that as we speak and see what we can propose and we have options. So, that will likely kick in any rate activity or rate case, if need be, will kick in in early 2028. So, those are the major catalysts that's going to help us really turn the corner and get to a much stronger earnings trajectory.

David Paz
Analyst, Wolfe Research LLC

Q

Great. Thank you so much.

Joseph R. Nolan
Chairman, President & Chief Executive Officer, Eversource Energy

A

Thank you.

Operator: I am showing no further questions at this time. I would now like to turn it back to CEO, Joe Nolan, for closing remarks.

Joseph R. Nolan
Chairman, President & Chief Executive Officer, Eversource Energy

Thank you, everyone, for joining us today. We know it's a very busy earnings season, a day with multiple companies reporting. As I said at the start of the call, we are focused on finishing the year on a strong note and continue to check the box in many of our strategic initiatives. We look forward to seeing you all at EEI in a few days. Thank you, operator.

Operator: Thank you for your participation in today's conference. This concludes [audio gap] (00:47:26). You may now disconnect.

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